

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines ISSUED BY STATE BOARD OF ACCOUNTS

Volume 159

September 2002

ITEMS TO REMEMBER

Per Volume 158, June 2002 "The School Administrator and Uniform Compliance Guidelines", August 31 is the last date for the first publication of a school corporation budget (10 days prior to the public hearing). (IC 6-1.1-17-3)

SEPTEMBER

- September 1: Not earlier than September 1 or later than September 15 of each year, the governing body of a school corporation shall publish an annual performance report of the school corporation in accordance with IC 20-1-21-8. The report must be published one (1) time annually under IC 5-3-1. (IC 20-1-21-4)
- September 1: Prove the Fund Ledger and Ledger of Receipts for the month of August to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- September 2: Legal Holiday - Labor Day. (IC 1-1-9-1)
- September 7: Last date for second publication of school corporation budgets (3 days before the public hearing). (IC 5-3-1-2)
- September 9-
September 27: The A.D.A. count shall be taken between these dates. All data on Form 30B must be submitted directly into the Department of Education Database via the internet at www.doe.state.in.us. A copy must be printed, signed and mailed to the Department of Education, Division of School Finance.
- September 10: Last date for public hearing on proposed budget (at least 10 days prior to the adoption of the budget). Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. (IC 6-1.1-17-5)
- September 13: The A.D.M. count shall be taken.
- September 15: Not earlier than September 1 or later than September 15 of each year, the governing body of a school corporation shall publish an annual performance report of the school corporation in accordance with IC 20-1-21-8. The report must be published one (1) time annually under IC 5-3-1. (IC 20-1-21-4)

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September 19: Last date to file appeals for an excessive tax levy. (IC 6-1.1-18.5-12)

As soon as the budgets, tax rates, and tax levies are approved or modified by the county board of tax adjustment, the county auditor shall within fifteen (15) days prepare a notice of the tax rates to be charged on each one hundred dollars of assessed valuation for the various funds in each taxing district. The notice shall also inform the taxpayers of the manner in which they may initiate an appeal of the county board's action.

September 20: Last date to file budgets with County Auditor at least two (2) days prior to the first meeting of the County Board of Tax Adjustment if applicable. (IC 6-1.1-17-5)

September 20: Last day to report and make payment of state and county income tax withheld during August to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of *The School Administrator and Uniform Compliance Guidelines*.)

September 20: Last date for meeting of School Board to make appropriations for 2003 and to fix tax levies. (IC 6-1.1-17-5) Also last date to conduct a public hearing and to pass a resolution to adopt Capital Projects Fund and Transportation - School Bus Replacement Fund Plans. (IC 21-2-11.5 and IC 21-2-15)

September 22: Meeting of County Tax Adjustment Board is September 22, 2002. If September 22 is not a business day, then the last date for the first meeting is the first business day following September 22. (IC 6-1.1-29-4)

September 27: A.D.M. report due on or before this date. (511 IAC 1-3-2) All data on Form 30A must be submitted directly into the Department of Education Database via the internet at www.doe.state.in.us. A copy must be printed, signed and mailed to the Department of Education, Division of School Finance.

OCTOBER

October 1: On or before this date all duties of the County Board of Tax Adjustment must be completed, except for a consolidated city and county and in a county containing a second class city, these duties need not be completed until November 1. (IC 6-1.1-17-9) IC 6-1.1-17-12 provides for a notice procedure by the county auditor and an appeal procedure.

October 1: Prove all ledgers for the month ending September 30 as outlined for the month of August.

October 11: DPI Form 30B, Report of A.D.A for State Support is due in the Department of Education, Division of School Finance. All data will be required to be entered directly into the Department of Education Database via the internet on or before October 11, 2002 at www.doe.state.in.us. A copy must be printed, signed, and mailed to the Department of Education, Division of School Finance.

October 14: Legal Holiday - Columbus Day. (IC 1-1-9-1)

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- October 20: Last day to report and make payment of state and county income tax withheld during September to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 of *The School Administrator* and Uniform Compliance Guidelines.)
- October 31: Last day to file third quarter report with the Internal Revenue Service and complete payment of federal tax withheld.
- October 31: Requests for textbook reimbursement must be received by the Department of Education, Division of School Finance.

NOVEMBER

- November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.
- November 5: Legal Holiday – Election Day (IC 1-1-9-1)
- November 11: Legal Holiday – Veterans' Day. (IC 1-1-9-1)
- November 20: Last day to report and make payment of state and county income tax withheld during October to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 of *The School Administrator* and Uniform Compliance Guidelines.)
- November 28: Legal Holiday - Thanksgiving Day. (IC 1-1-9-1)
- November 30: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the School Corporation shall certify a list of the names and addresses of each person who has money due from the School Corporation to the County Treasurer. (IC 6-1.1-22-14)

GHOST EMPLOYMENT

The Offenses Against Public Administration Act as found in the Indiana Code at Title 35, Article 44 contains a section on ghost employment in Chapter 2. Section (4) states "(a) A public servant who knowingly or intentionally: (1) hires an employee for the governmental entity that he serves; and (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity; commits ghost employment, a Class D felony. (b) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony. (c) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony. (d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony. (e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides.

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GHOST EMPLOYMENT

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(f) For the purposes of this section, an employee of a governmental entity who voluntarily performs services: (1) that do not: (A) promote religion; (B) attempt to influence legislation or governmental policy; or (C) attempt to influence elections to public office; (2) for the benefit of: (A) another governmental entity; or (B) an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; (3) with the approval of the employee's supervisor; and (4) in compliance with a policy or regulation that: (A) is in writing; (B) is issued by the executive officer of the governmental entity; and (C) contains a limitation on the total time during any calendar year that the employee may spend performing the services during normal hours of employment; is considered to be performing duties related to the operation of the governmental entity."

The State Board of Accounts recommends that all public school corporations, as governmental entities, carefully maintain accurate prescribed or approved employment, service and other records for all persons employed so that documentation is available to substantiate all duties assigned and all amounts paid to each.

NAMES OF STUDENTS NO LONGER ENROLLED

Indiana Code 20-8.1-3-25 requires that, "Within fifteen (15) school days after the beginning of each semester, the principal of every public high school shall send to the superintendent with jurisdiction over his school a list of names and last known addresses of all students not graduated and not enrolled in the then current semester who were otherwise eligible for enrollment. Each superintendent shall immediately make available all lists received under this section to an authorized representative of Ivy Tech State College ..." IC 20-8.1-3-26 provides that each representative of Ivy Tech State College who is authorized to receive a list prepared under the above section 25 shall stipulate in writing that the list will be used only for purposes of contacting prospective students. If a list is used for any other purpose, the college which the recipient represents shall be ineligible to receive subsequent lists for a period of five (5) years.

TEXTBOOK RENTAL

IC 20-10.1-10-1 states in part (a) "...each governing body shall purchase from a contracting publisher, at the net contract price or at any subsequent lower price, the textbooks adopted by the Indiana state board of education and selected by the proper local officials, and shall rent these textbooks to each student enrolled in any public school which is in compliance with the minimum certification standards of the Indiana state board of education and is located within the attendance unit served by the governing body."

IC 20-5-6-5 states in part (a) "A governing body in operating a textbook rental program pursuant to IC 20-5-2-2(11) may use either of the following accounting methods: (1) It may supervise and control the program through the school corporation account, establishing a textbook rental fund. (2) Where no textbooks have been purchased and no financial commitments or guarantees for such purchases have been made by the school corporation, the governing body may cause such program to be operated by the individual schools of the school corporation through the school corporation's extracurricular account or accounts in accordance with IC 20-5-7." Therefore, we are of the audit position if any school corporation funds have been used to purchase the textbooks or financial commitments or guarantees have been made by the school corporation, the textbook rental program must be operated through the textbook rental fund of the school corporation in the corporation records.

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TEXTBOOK RENTAL
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IC 20-10.1-10-1 does not prohibit the purchase of these textbooks at the option of any student or the providing of free textbooks by the governing body under the provisions of IC 20-10.1-11.

The annual rental fee may be set by the governing body (board) of a public school corporation handling the textbook rental program. However, the annual rental fee may not exceed twenty-five percent (25%) of the retail price of the textbooks in accordance with IC 20-10.1-10-2.

TEACHERS' RETIREMENT FUND REPORT

IC 21-6.1-7-6 requires that on or before October 1 of each year, the administrative and executive officers of each school corporation shall report to the Teachers' Retirement Fund Board, on forms furnished by the Board, the fund's members employed by the school corporation and each member's retirement account number. At definite periods during the year officers shall report the members employed after that date so that contributions and other information may be verified. The next succeeding section of the law, IC 21-6.1-7-7 provides "(a) On or before January 15, April 15, July 15, and October 15 of each year, the treasurer of each school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall make an employer report as provided in section 8 of this chapter, on a form furnished by the board, to the board and accompany it with a warrant in payment of: (1) total net contributions made for or by the members in the preceding three (3) months for the fund; and (2) employer contributions as required by section 12 of this chapter. Amendatory reports to correct errors or omissions may be required and made. (b) As used in this section, 'net contributions' means the gross amount of a member's contributions minus any refund paid or due a teacher."

IC 21-6.1-7-9 provides "If the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund fails to make the reports and payments as required in section 7 or 8 of this chapter: (1) the officer has an additional thirty (30) days to make the reports and payments without a penalty; (2) after thirty (30) days have passed since the deadlines required under section 7 or 8 of this chapter, the board may fine the school corporation or institution that the officer serves one hundred dollars (\$100) for each additional day that the reports and payments are late; and (3) if the officer is habitually late as determined by the board, the school corporation or institution which that officer serves is ineligible to receive any distribution of money from the state for school purposes until the reports and payments are received and approved by the board."

GUARANTEED ENERGY SAVINGS CONTRACTS

Public Law 98, House Enrolled Act 1158, effective March 21, 2002 provided numerous changes applicable to "Energy Savings Contracts" including the following items.

IC 36-1-12.5-0.5 states "As used in this chapter, 'actual savings' includes stipulated savings."

IC 36-1-12.5-0.7 states "As used in this chapter, 'causally connected work' means work that is required to properly implement an energy conservation measure."

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GUARANTEED ENERGY SAVINGS CONTRACTS

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IC 36-1-12.5-1 states in part: "As used in this chapter, 'energy conservation measure' means a school facility alteration or an alteration of a structure (as defined in IC 36-1-10-2) designed to reduce energy consumption costs or other operating costs ... including future:

- (A) labor costs;
- (B) costs for contracted services; and
- (C) related capital expenditures."

IC 36-1-12.5-2.5 provides ". . . industry engineering standards" includes the following: (1) Lifecycle costing. (2) The R.S. Means estimating method developed by the R.S Means Company. (3) Historical data. (4) Manufacturer's data. (5) American Standard Heating Refrigeration Air Conditioning Engineers (ASHRAE) standards.

IC 36-1-12.5-3.5 provides "As used in this chapter, 'related capital expenditures' includes capital costs that: (1) the governing body reasonably believes will be incurred during the contract term; (2) are part of or are causally connected to the energy conservation measures being implemented; and (3) are documented by industry engineering standards."

IC 36-1-12.5-3.7 provides "As used in this chapter 'stipulated savings' are assumed savings that are documented by industry engineering standards."

IC 36-1-12.5-11 states in part (a) "A guaranteed energy savings contract that includes stipulated savings must specify the methodology used to calculate the savings using industry engineering standards."

Non "Causally connected work"

Effective March 21, 2002 IC 36-1-12.5-12 states in part (a) "An improvement that is not causally connected to an energy conservation measure may be included in a guaranteed energy savings contract if: (1) the total value of the improvement does not exceed fifteen percent (15%) of the total value of the guaranteed energy savings contract; and (2) either: (A) the improvement is necessary to conform to a law, a rule, or an ordinance; or (B) an analysis within the guaranteed energy savings contract demonstrates that: (i) there is an economic advantage to the political subdivision in implementing an improvement as part of the guaranteed energy savings contract; and (ii) the savings justification for the improvement is documented by industry engineering standards. (b) The information required under subsection (a) must be reported to the department of commerce."

Late Reports

IC 36-1-12.5-10 states "The governing body shall:

(1) provide to the department of commerce not more than sixty (60) days after the date of execution of the guaranteed energy savings contract:

- (A) a copy of the executed guaranteed energy savings contract;
- (B) the energy consumption costs before the date of execution of the guaranteed energy savings contract; and
- (C) the documentation using industry engineering standards for:
 - (i) stipulated savings; and
 - (ii) related capital expenditures; and

(2) annually report to the department of commerce, in accordance with procedures established by the department of commerce, the savings resulting in the previous year from the guaranteed energy savings contract or utility energy efficiency program."

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GUARANTEED ENERGY SAVINGS CONTRACTS
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Please ensure that your "Energy Savings Contract" does not put your school corporation into a situation which would result in an Audit Result and Comment because the school corporation has not provided information which would indicate that a contract (existing and new contracts) complies with IC 36-1-12.5 and Public Law 98, House Enrolled Act 1158, effective March 21, 2002. Examples would include "stipulated savings" that are not documented by "industry engineering standards", items which were "causally connected work" but not documented by "industry engineering standards" in accordance with IC 36-1-12.5-11, or if an improvement that is not "causally connected" to an energy conservation measure is greater than fifteen percent (15%) of the total value of the guaranteed energy savings contract or reporting to the Indiana Department of Commerce, Energy Policy Division is not in compliance with IC 36-1-12.5-10.

Information presented for audit in many instances indicates "agreed upon" or "stipulated savings" have been predetermined. Often no information is available to document actual operating or energy savings. Accordingly, with due regards for the remaining contract time for which information may be presented to document actual operating and energy savings (effective March 21, 2002 "stipulated savings" documented by "industry engineering standards"), a school corporation should request reimbursement for costs which did not result in an actual reduction of energy consumption costs or other operating costs (or effective March 21, 2002, stipulated savings which were not supported by "industry engineering standards") at the end of the contract term in accordance with IC 36-1-12.5-11 and IC 36-1-12.5-12.

STATE DISTRIBUTIONS – ELECTRONIC FUND TRANSFERS SCHOOL LUNCH

We understand from the Division of Community Food and Nutrition, Indiana Department of Education (IDOE) that the Auditor of State requires school food distributions to one bank account at the school corporation central office. Accordingly, please account for school food receipts and subsequent distributions to individual school buildings, if applicable, as provided below.

School lunch reimbursements should be receipted to School Lunch Fund 080 by using appropriate Receipt Accounts in the 4290 series. Disbursements to the individual buildings would be charged to expenditure account, 25680, Distribution of School Lunch Reimbursements.

Consequently, in preparation of the Form 9 report, the school corporation treasurer will need to take steps to ensure that when all individual school buildings school lunch receipts and disbursements are added together for inclusion in the Form 9 report, and that the receipts and expenditures are not added twice. Therefore, school corporations with extra-curricular school lunch will only report on the Form 9, the total receipts and disbursements of the individual schools and not report the reimbursement received through the State which is transferred to the school buildings.